

## **CHAPTER 430**

### **PERFORMANCE MANAGEMENT**

1. **PURPOSE.** Performance management programs within the Department of the Navy (DON) are used to involve employees, as individuals and as members of a group, in improving organizational effectiveness. In achieving this objective, performance management programs should integrate management processes that:

- a. Communicate and clarify mission and organizational goals, and objectives.
- b. Identify employee, team, and managerial accountability for the accomplishment of goals and objectives.
- c. Involve employees in improving organizational effectiveness and in assessing employee, team, and organizational effectiveness and performance.
- d. Use appropriate measures of performance to recognize and reward employees and use the results of performance appraisal as a basis for appropriate personnel actions.
- e. Involve employees and their representatives in program development and implementation.
- f. Encourage employees to take responsibility to continuously improve, support team endeavors, develop professionally, and perform at their full potential.

2. **ASSISTANCE.** For additional assistance relative to this chapter, contact the HRO Norfolk, Performance Assistance Division.

3. **COVERAGE.** Performance management programs cover appropriated fund employees of the DON (including senior-level and scientific and professional employees paid under Section 5376 of Title 5, United States Code (USC)). Examples of those excluded from coverage are:

Senior Executive Service employees.

Mariners attached to the Military Sealift Command.

Nonappropriated fund employees.

Employees outside the United States paid in accordance with local national prevailing wage rates for the area in which employed.

Employees occupying excepted service positions not expected to exceed the minimum performance period established in a consecutive 12-month period.

Individuals who are serving in positions under a temporary appointment for less than one year.

4. **RESPONSIBILITIES.** Maximum flexibility in performance management programs is provided to permit the design of program structure and content which meet organizational needs. All performance management programs will result in a final two-level summary rating which appraises an employee's performance at either the "ACCEPTABLE" or "UNACCEPTABLE" level.

a. *Activity heads* are expected to:

- (1) Establish activity organizational goals and objectives.
- (2) Establish the annual, beginning and ending dates of the appraisal period.
- (3) Ensure coverage of employees under an implementing instruction consistent with these policies and procedures.
- (4) Provide appropriate training to those involved in the program.
- (5) Determine the review and/or approval requirements for close-outs, progress reviews, and ratings of record.

b. *Managers, Supervisors, and Team Leaders* (where applicable) are obligated to:

- (1) Develop a written, or otherwise recorded, performance plan for each covered employee based on work assignments and responsibilities covering the official appraisal period. Performance plans must include all critical element(s) and related performance standards. Each performance plan must have at least one critical element that addresses individual performance. At the time performance standards are set, supervisors should certify on the performance appraisal the currency and accuracy of the employee's position description.
- (2) Encourage employee participation and ensure that covered employees are involved in the development of performance plans. Final responsibility for ensuring establishment of such plans rests with the first level supervisor.
- (3) Provide employees with a copy of their performance plans within 30 days of the beginning of each appraisal period.
- (4) Conduct one or more documented progress reviews during the appraisal period. Progress reviews should be informative and developmental in nature and include discussions between first and second level supervisors and team leaders, where applicable.
- (5) Prepare a rating of record for each covered employee. This includes a rating for each element(s) and the assignment of a summary level.
- (6) Provide a copy of the rating of record to each employee.

(7) Provide assistance to employees in improving their performance at any time during the appraisal cycle that performance is determined to be "UNACCEPTABLE" in one or more critical elements.

(8) Recommend awards based on performance as appropriate.

c. *Covered employees* are expected to:

(1) Participate in the development of their performance plan.

(2) Participate in a progress review(s)

(3) Provide input on their performance accomplishments at the end of the appraisal cycle and participate in the final appraisal discussion.

d. *Human Resources Office (HRO) Norfolk* is responsible for:

(1) Advising managers, supervisors, team leaders, and covered employees on program requirements and related performance management issues.

(2) Maintaining an Employee Performance File (EPF), making them available for pay, award, reduction-in-force, and other performance actions. Upon an employee's separation, HRO Norfolk will transfer the EPF to the Human Resources Service Center-East (HRSC-EAST) for inclusion in the disposition of the Official Personnel File.

(3) Forwarding summary ratings of record to the HRSC-EAST for data input to the Defense Civilian Personnel Data System (DCPDS).

e. *Human Resource Service Center-East (HRSC-EAST)* is responsible for:

(1) Inputting employee performance rating data into the DCPDS.

(2) Processing awards and Quality Step Increases accurately and timely.

## **5. DEFINITIONS**

a. *"ACCEPTABLE" Performance.* Performance of an employee which meets the established performance requirement(s) or standards, at a level above "UNACCEPTABLE," in all critical element(s) of an employee's position.

b. *Activity.* A field installation, headquarters command, or office.

c. *Additional Element*. A dimension or aspect of individual, team, or organizational performance that is not a critical or non-critical element. Such elements are not used in assigning a summary level but are useful for purposes such as communicating performance expectations and serving as the basis for granting awards. Such elements may include, but are not limited to, objectives, goals, program plans, work plans, and other means of expressing performance.

d. *Appraisal*. The process under which performance is reviewed and evaluated against the described performance standard(s).

e. *Appraisal Period*. The established period of time for which performance will be reviewed and a rating of record prepared.

f. *Award*. Recognition for individual or team achievement that contributes to meeting organizational goals or improving the efficiency, effectiveness, and economy of the government or which is otherwise in the public interest.

g. *Close-out Rating*. An appraisal conducted when an employee or first level supervisor leaves a position after the employee has been under established performance standards for 90 days or more but before the end of the appraisal cycle. Close-out ratings will be documented and used in deriving the rating of record and in some cases, may become the rating of record.

h. *Critical Element*. A work assignment or responsibility of such importance that “UNACCEPTABLE” performance on the element would result in a determination that an employee's overall performance is “UNACCEPTABLE”.

i. *Interim Appraisal*. Any progress review or training appraisal conducted throughout the annual performance appraisal period.

j. *Non-critical Element*. Non-critical elements are not used in DON.

k. *Performance*. Accomplishment of work assignments or responsibilities.

l. *Performance Plan*. All of the elements that describe the expected performance of an individual employee. A plan must include all critical elements and their related performance standards.

m. *Performance Rating*. The result of a comparison between actual performance and the performance standard(s) for each critical element on which there has been an opportunity to perform for the minimum period. A performance rating will include the assignment of a summary level.

n. *Performance Standard*. The management-approved expression of the performance threshold(s), requirement(s), or expectation(s) that must be met to be appraised at a particular level of performance. A performance standard may include, but is not limited to, quality, quantity, timeliness, and manner of performance.

o. *Progress Review*. Communicating with the employee about performance compared to the performance standards of critical elements.

p. *Rating of Record*. The performance rating prepared at the end of an appraisal period for performance over the entire period including the assignment of a summary level as specified in paragraph 6.b.(5). The rating of record is the official rating for pay, performance award, and retention purposes.

q. *Summary Rating*. The final result of the performance evaluation process. The summary rating is used to provide consistency in describing ratings of record. The two summary rating levels are: "ACCEPTABLE" (Level 3) and "UNACCEPTABLE" (Level 1).

r. *Training Appraisal*. An appraisal conducted as part of a formal training program, lasting more than 90 days, and conducted under Civilian Personnel Instruction (CPI) 410. Training appraisals are interim appraisals and are not used as the annual rating of record.

s. *"UNACCEPTABLE" Performance*. Performance of an employee which fails to meet established performance standards in one or more critical elements.

**6. PERFORMANCE APPRAISAL REQUIREMENTS.** In accordance with the DOD Performance Appraisal System, no employee may be concurrently covered by more than one performance appraisal program.

a. *Appraisal Period*

(1) An annual appraisal period is required for rating of record purposes. Activities are responsible for designating the beginning and ending dates of the appraisal period.

(2) To receive a rating of record, an employee must have served for a minimum appraisal period of 90 days under an approved performance plan in the same position and under the same first level supervisor. If necessary, the employee's rating period will be extended beyond the activity's fixed ending date to insure the minimum 90-day period.

b. *Performance Plans*

(1) Each employee must have an approved written, or otherwise recorded, performance plan based on work assignments and responsibilities. The plans will cover the official appraisal period.

(2) Performance plans should be provided to employees within 30 days after the beginning of each appraisal period, permanent assignment to a new position, and of each detail or temporary promotion expected to last 120 days or longer. Performance plans include all critical element(s) and related performance standards.

(3) Each performance plan must have at least one critical element which addresses individual performance. In addition, the performance plan includes the critical element(s) required for specific types of positions, such as safety, security, etc. Appendix A lists the additional performance evaluation requirements.

(4) At the time performance standards are set, supervisors should certify on the performance appraisal the currency and accuracy of the employee's position description.

(5) Two summary rating levels must be used for the final performance rating, with one level being "ACCEPTABLE" and the other level being "UNACCEPTABLE". At a minimum, performance standards are established at the "ACCEPTABLE" level. Commands and activities may establish a variety of rating systems to meet their individual needs, such as pass/fail elements and standards, multi-level performance standards, generic elements and standards, 360-degree automated ratings, competency based elements and standards, work plans, etc. The following examples translate element ratings into summary ratings using 2, 3, or 5 levels. Element ratings can have multi-levels but must translate into a summary rating of "ACCEPTABLE" or "UNACCEPTABLE."

5 LEVEL RATING SYSTEM	
Outstanding	ACCEPTABLE
Exceeds Fully Successful	
Fully Successful	
Minimally Successful	UNACCEPTABLE
Unacceptable	
3 LEVEL RATING SYSTEM	
Above Fully Successful	ACCEPTABLE
Fully Successful	
Below Fully Successful	UNACCEPTABLE
PASS/FAIL	
Pass	ACCEPTABLE
Fail	UNACCEPTABLE

### *c. Monitoring Performance*

(1) *Interim Appraisals.* Interim appraisals should be conducted throughout the annual performance appraisal period and should be considered in determining the annual rating of record. They include:

(a) *Progress Reviews.* A review of an employee's performance is expected at least once midway through the appraisal period. At a minimum, employees should be informed of their level of performance by comparison with the performance element(s) and standards established. To the maximum extent possible, progress reviews will be informative and developmental in nature and will focus on future performance. Progress reviews do not require the assignment of a summary level, however, the first-level supervisor and employee must sign and date the performance appraisal to indicate that the review was conducted.

(b) *Training Appraisals.* Training appraisals conducted under CPI 410 covering periods of at least 90 days should be considered in the annual performance rating process. Training appraisals do not serve as close-out ratings or as ratings of record.

(2) *Close-out Ratings.* Close-out ratings must be conducted when:

(a) An employee completes a detail or temporary promotion of 120 days or longer under established performance standards. This requirement also applies to employees on "loan" from another activity/agency for 120 days or longer.

(b) An employee changes positions, is promoted, or moves to a new agency/activity, after being under established performance standards a minimum of 90 days.

(c) The first level supervisor leaves the position after the employee is under established performance standards for a minimum of 90 days. In this situation, the employee may continue under the same performance plan unless changed by the new supervisor.

(d) Close-out ratings may become the rating of record if the following criteria are met:

1. There is insufficient time (90 days) to establish a new performance plan and rate the covered employee in their assigned position before the end of the appraisal period.

2. The first level supervisor takes into consideration any other close-out ratings conducted during the appraisal period.

(e) In cases where the close-out rating is being used as a final rating of record, a remark should be included in the comments section of the annual appraisal form, such as:  
"Due to the short time that I have supervised Ms. Brown, her rating of record is based on the close-out rating for the period of 1 Oct 1993 through 15 May 1994."

### *(3) Ratings of Record*

(a) Normally within 30 days after the end of the appraisal period, a written, or otherwise recorded, rating of record will be given to each employee, unless the employee has not completed the 90-day minimum period of performance.

(b) When a rating of record cannot be prepared at the time specified, the appraisal period will be extended to insure the minimum 90-day period. A rating of record should be prepared as soon as practicable once the necessary conditions have been met.

(c) The rating of record or performance rating for a disabled veteran will not be lowered because the veteran has been absent from work to seek medical treatment.

(4) *Summary Level Rating.* A summary level rating must be assigned when a performance rating is prepared as part of a rating of record.

(a) Ratings are based on a comparison of performance against written standards. Each critical element is rated at the level described in the performance plan.

(b) Element ratings are then converted to one of two summary rating levels: "UNACCEPTABLE" as the lowest and "ACCEPTABLE" as the highest.

(c) An "UNACCEPTABLE" summary rating level is assigned if, and only if, performance on one or more critical elements is appraised as "UNACCEPTABLE".

### *(5) Recording the results*

(a) The performance rating shall be signed and dated by the employee and immediate supervisor. The employee's signature does not necessarily constitute agreement with the rating. It merely signifies the employee has received it.

(b) Employees should be provided a copy of their rating of record within 30 days of the end of the annual appraisal cycle.

(c) Original appraisal forms will be submitted to HRO Norfolk within established timeframes.



## 7. "UNACCEPTABLE" PERFORMANCE

a. At any time during the appraisal period that performance is determined to be "UNACCEPTABLE" in one or more critical elements, employees are to be formally notified in writing. The notice of UNACCEPTABLE performance must include:

- (1) The critical element(s) determined to be UNACCEPTABLE.
  - (2) The performance requirement(s) and "ACCEPTABLE" standard that must be attained to demonstrate "ACCEPTABLE" performance.
  - (3) A reasonable opportunity to demonstrate "ACCEPTABLE" performance.
  - (4) Assistance in improving performance which may include, but is not limited to, formal training, on-the-job training, counseling, closer supervision or other appropriate measures.
  - (5) Notice that unless performance in the critical element(s) improves to and is sustained at the "ACCEPTABLE" level, the employee will be reassigned, reduced in grade or removed.
- b. A rating of record of "UNACCEPTABLE" may not be assigned until the above requirement has been met. If, at the conclusion of the "opportunity" period, the employee's performance continues to be "UNACCEPTABLE," the activity must initiate reassignment, reduction in grade, or removal action.
- c. A rating of record of "UNACCEPTABLE" shall be reviewed and approved by a higher level management official.

8. **GRIEVANCES AND APPEALS.** Covered employees may raise issues relating to the performance appraisal process through either the administrative grievance procedure (See Chapter 771 of this manual) or, where applicable, a negotiated grievance procedure. Appealable issues may be submitted to the Merit Systems Protection Board (MSPB). Guidance on grievable/appealable matters is as follows:

- a. Contents of the individual performance plan are neither grievable nor appealable.
- b. Failure to inform employees of critical elements and standards within the required time frame is grievable.
- c. Ratings on individual elements and summary level ratings are grievable.
- d. Performance-based demotions and removals may be grieved through the appropriate negotiated grievance procedure or appealed to the MSPB, but not both.
- e. Awards are not grievable under administrative grievance procedures.

## **9. PERFORMANCE RECOGNITION.**

a. Awards. Awards may be used as tools to acknowledge and motivate employees by recognizing and rewarding significant individual, team, or organizational achievements or contributions. Examples of awards include, but are not limited to, Special Act, time-off, honorary and informal recognition awards. (See Chapter 451 of this manual for awards procedures.)

b. Quality Step Increases. The purpose of a Quality Step Increase (QSI) is to provide appropriate incentives and recognition for excellence in performance by granting faster than normal step increases; therefore, careful consideration should be given before granting a QSI. Federal Wage System (WG, WL, WN, WD, WS) employees are not eligible to receive a QSI. An employee is eligible for only one QSI within any 52 week period. To be eligible for a QSI, General Schedule employees must have met the following criteria:

(1) Received a rating of record of "ACCEPTABLE".

(2) Demonstrated sustained performance of high quality significantly above that expected at the "ACCEPTABLE" level (i.e., exceeded the "ACCEPTABLE" criteria, depicting unusually good or excellent quality or high quantity of work provided ahead of schedule and with less than normal supervision).

(3) Made a significant contribution to the organization's mission.

(4) There must be an expectation that the high quality performance will continue in the future.

## **10. RELATIONSHIP TO OTHER PERSONNEL ACTIONS**

### **a. *Within-Grade Increase***

(1) Federal Wage System (FWS) employees receive within-grade increases, when eligible by time, if their performance is satisfactory. Satisfactory performance equates to an "ACCEPTABLE" rating of record.

(2) Covered General Schedule (GS) employees receive within-grade increases, when eligible by time, if their performance is at an acceptable level of competence. Acceptable level of competence equates to an "ACCEPTABLE" rating of record.

(3) For both FWS and covered GS employees, when a within-grade increase decision is not consistent with the employee's most recent rating of record, a more current rating of record must be prepared. The rating of record used as the basis for an acceptable level of competence determination for a within-grade increase must have been assigned no earlier than the most

recently completed appraisal period. The notice of negative within-grade increase determination must state the "ACCEPTABLE" standard for any element evaluated at the "UNACCEPTABLE" level.

*b. Promotion*

(1) Career-Ladder Promotions. Performance appraisals are used as a basis for determining eligibility for career-ladder promotions. To be promoted, an employee is expected to be performing at the "ACCEPTABLE" level on all critical elements. However, the fact that an employee is rated "ACCEPTABLE" at the time he/she is eligible for a career-ladder promotion, does not mean that the promotion is automatic.

(2) Merit Promotion Actions. The rating of record should be used in merit promotion evaluations and by selecting officials to the extent it is relevant to the position to be filled.

*c. Probationary Period*

(1) Initial Probationary Period. Evaluation of the employee's performance, as well as other considerations, should serve as a basis for the decision to retain or remove the employee from Federal Service during the probationary period.

(2) Supervisory and Managerial Probation. Evaluation of the employee's performance of supervisory or managerial elements of the position serves as a basis for the decision to retain or remove the employee from the supervisory or managerial position.

*d. Removal, Demotion, and Reassignment*

(1) An employee whose performance is "UNACCEPTABLE" must be removed, reassigned, or reduced in grade, but only after the employee has had an opportunity to demonstrate "ACCEPTABLE" performance.

(2) If, at the conclusion of the "opportunity" period, the employee's performance continues to be "UNACCEPTABLE," the activity must initiate reassignment, reduction in grade, or removal.

*e. Reduction-in-Force (RIF)*

(1) The rating of record for RIF purposes is the annual rating conducted at the time specified by the activity and special ratings conducted to support within-grade increase determinations. No rating may be assigned for the purpose of affecting an employee's RIF retention standing.

(2) The three most recent ratings of record received in the last four years are factors in determining retention standing for RIF purposes.

f. *Training and Development*

(1) Identification of training requirements to improve performance is a significant element in the appraisal process. The performance appraisal process should clearly identify areas where training and development may be appropriate. Whenever it is determined that an employee's performance is "UNACCEPTABLE," the supervisor is responsible for assisting the employee in bringing his or her performance to the "ACCEPTABLE" level. This may be accomplished through counseling, closer supervision, on-the-job training, and/or formalized training, as appropriate.

(2) Performance plans related to training may include achievement of specific training objectives that may be determined to be critical or additional. Performance appraisals conducted as part of the employee's individual training plan or other specialized training plan should be considered in the annual performance rating process. Such appraisals are interim appraisals and do not serve as the rating of record.